

## **General comment submitted by Commissioner Bueing for commissioner consideration**

We received a fairly significant amount of testimony and it was largely directed at the questions that we devised. The questions were designed to elicit information regarding the effectiveness of the tax preferences from a variety of perspectives. The testimony attempted largely to answer these questions. However, the Committee comments were largely directed at ascertaining or inferring legislative intent and examining that primarily without focus on the effectiveness of the enacted preference. While it is helpful to examine what the legislature thought that an originally enacted preference would accomplish as this can help to inform analysis, what that preference has actually accomplished is far more important in ascertaining whether or not the tax preference was successful and should be continued.

For example, on Farm Machinery Replacement Parts (Sales and Use Tax) the recommendation examines stagnant crop prices and rising input prices, but largely ignores the various factors on which the Commission focused testimony. These factors showed the leveling of a competitive playing field for Washington farmers by exempting from sales tax similar items and showed that the availability of these savings to support additional investments, created jobs and tax receipts, with limited downside to the use of the exemption and possible significant upside. While the competitive landscape was at least examined, it seemed to form no significant factor in the final evaluation, whereas the effect of potential increased investment was not even examined (although this may have been for a lack of perceived available information).

If we are examining the effectiveness of tax preferences should we not examine all factors determining that effectiveness and not simply whether the original reason for enactment was met? A poorly designed preference that failed all examinations of effectiveness, but met the original legislative objective should not be judged superior to a highly effective tax preference that failed to meet the original legislative goals. In other words, a good law enacted for the wrong reasons, is still a good law.